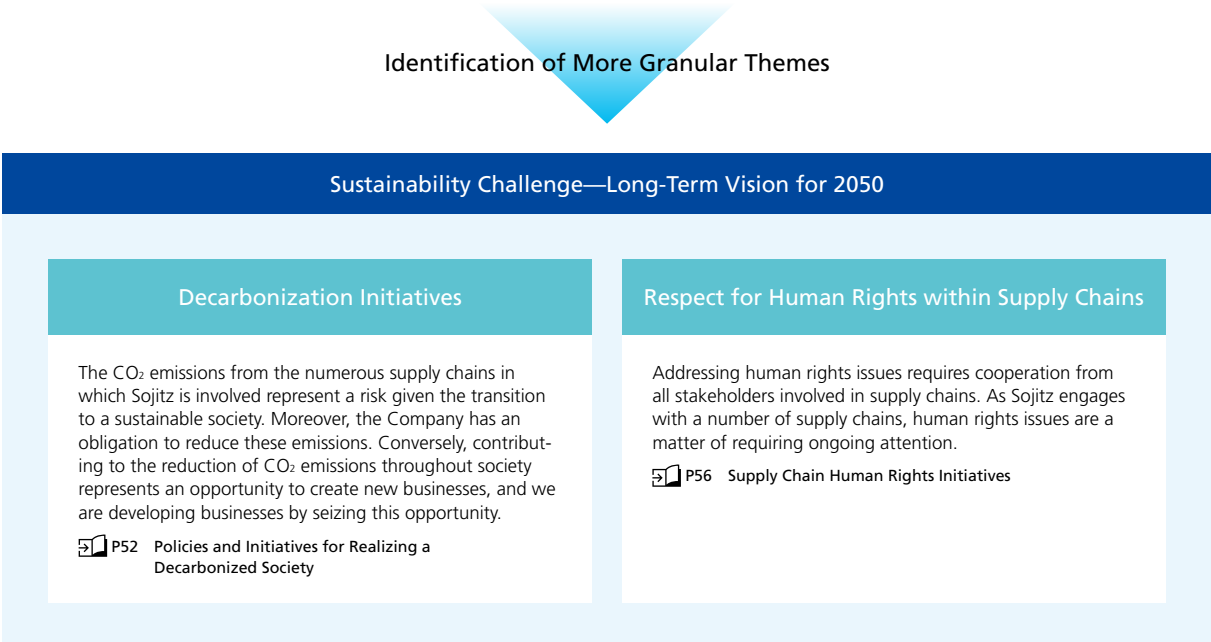
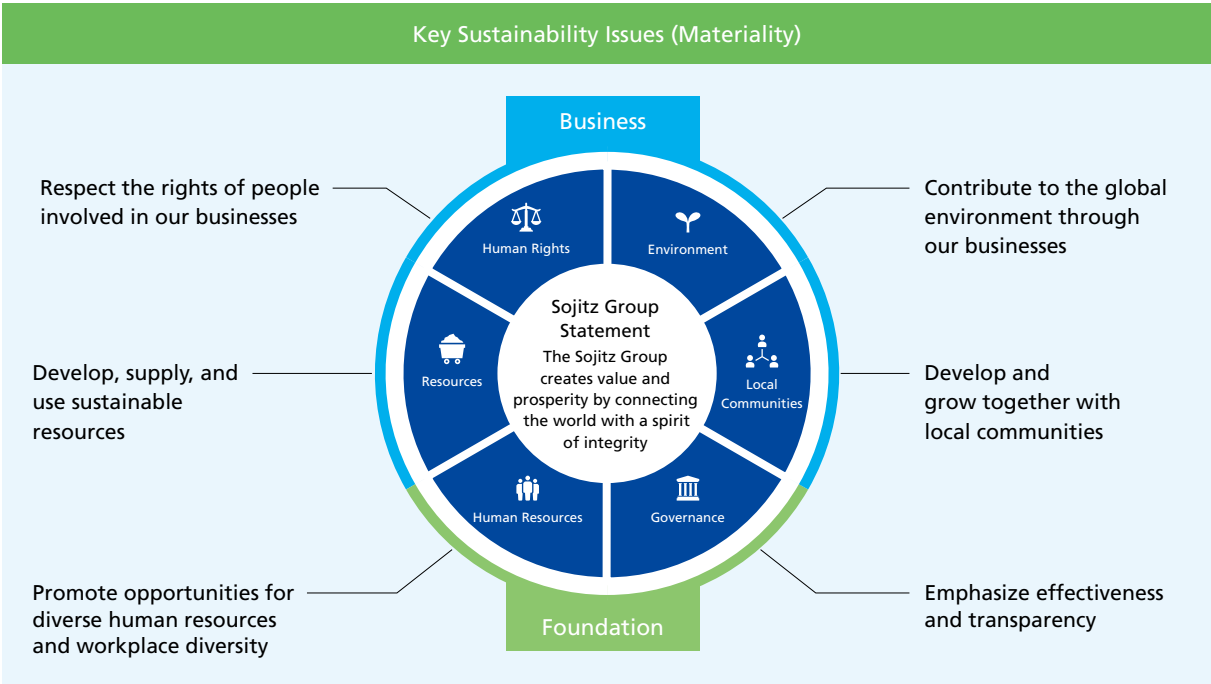


Pursuit of Sustainable Value Creation

For Sojitz, the pursuit of sustainability involves working toward sustainable growth for both society and Sojitz by partnering with stakeholders based on the Sojitz Group Statement to maximize two types of value—value for Sojitz and value for society—through its business.

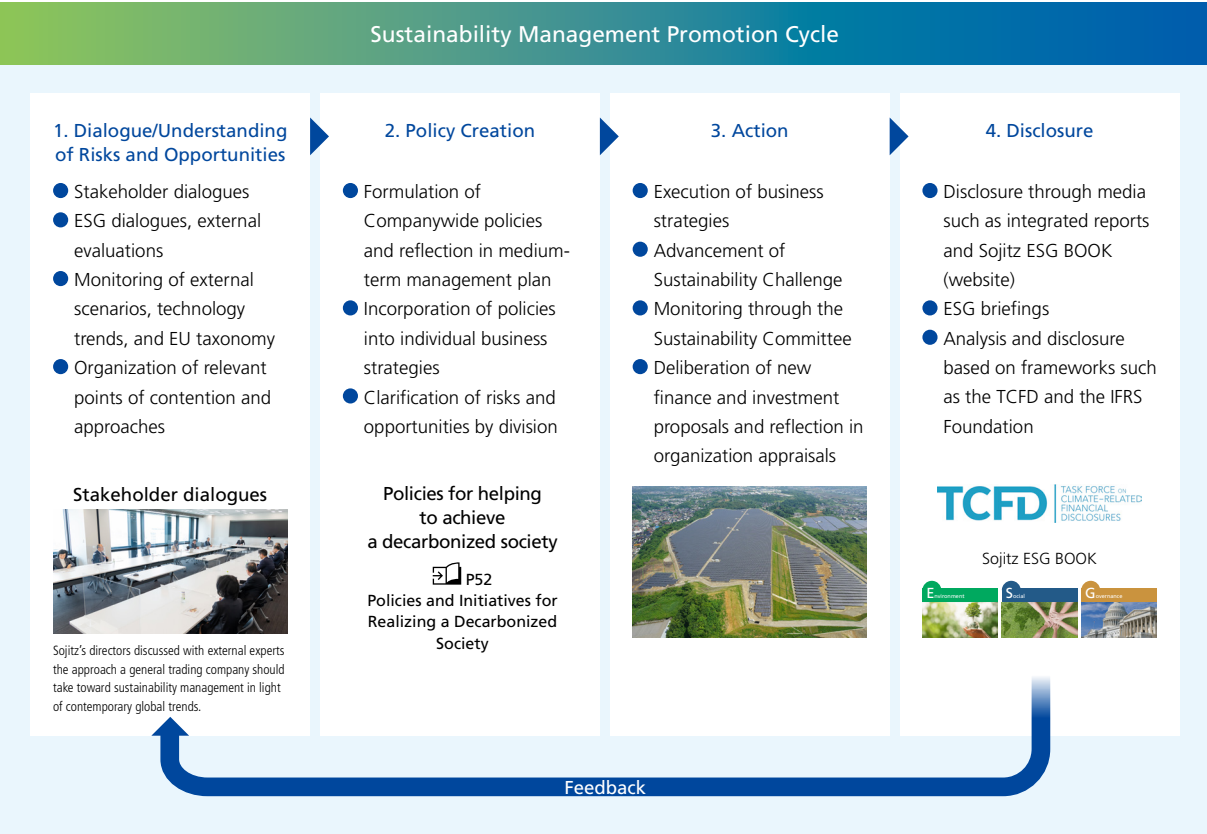
To guide its efforts to maximize its two types of value, in 2016 Sojitz defined 6 Key Sustainability Issues (Materiality) to focus on in its business over the medium to long term. Referencing the United Nations Sustainable Development Goals (SDGs), the Paris Agreement, and other international standards that indicate external expectations, Sojitz identified universal issues that need to be tackled if the Company is to achieve sustainable growth together with society. This process led the Company to define the 6 Key Sustainability Issues of human rights, the environment, resources, local communities, human resources, and governance. [For more information, please see “How We Set Key Sustainability Issues (Materiality) and Reflect Them in Our Strategies” on our corporate website: <https://www.sojitz.com/en/csr/priority/>.]

The Sustainability Challenge, Sojitz’s long-term vision for 2050, takes a more granular approach toward defining issues among universal issues. This vision calls on us to help achieve a decarbonized society through our business activities and to respond to human rights issues, including those within our supply chains. These two tasks have been an area of particular focus for Sojitz as of late and have formed the foundation for setting the growth strategies of Medium-Term Management Plan 2023.

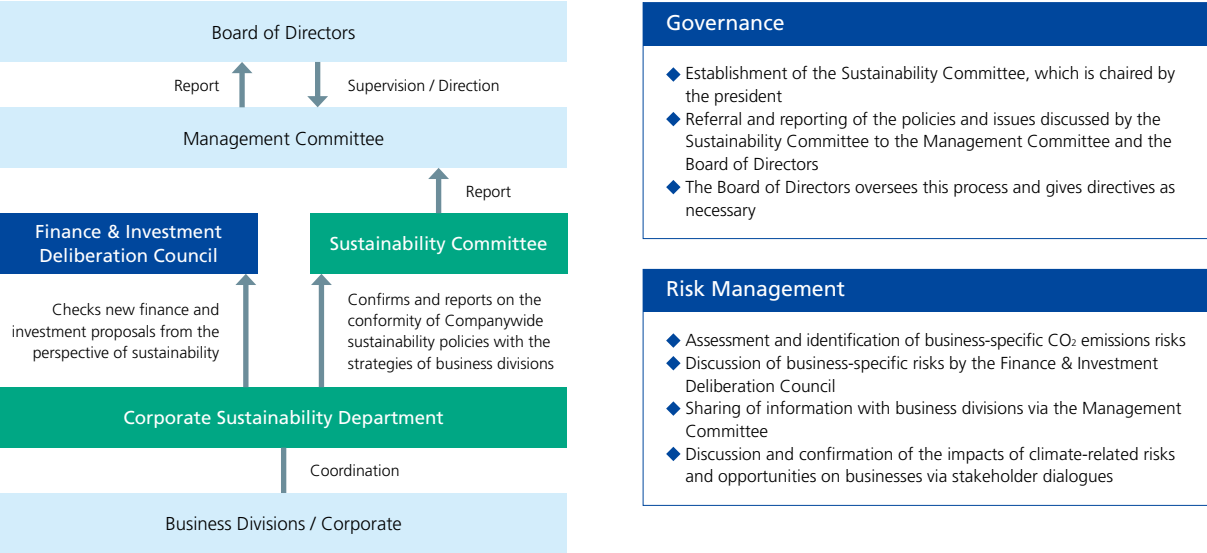


Governance and Risk Management

In formulating its response toward these issues, the Sojitz Group sought to develop an understanding of the risks and opportunities it faced through engagement with stakeholders. Based on this understanding, we formulated decarbonization measures and established policies related to human rights and other matters, which have been reflected in Medium-Term Management Plan 2023 to guide concrete action. In addition, we disclose information on these activities based on frameworks, such as those recommended by the Task Force on Climate-related Financial Disclosures (TCFD), in order to gain new input from stakeholders. This approach constitutes our sustainability management promotion cycle.



Sustainability Promotion System

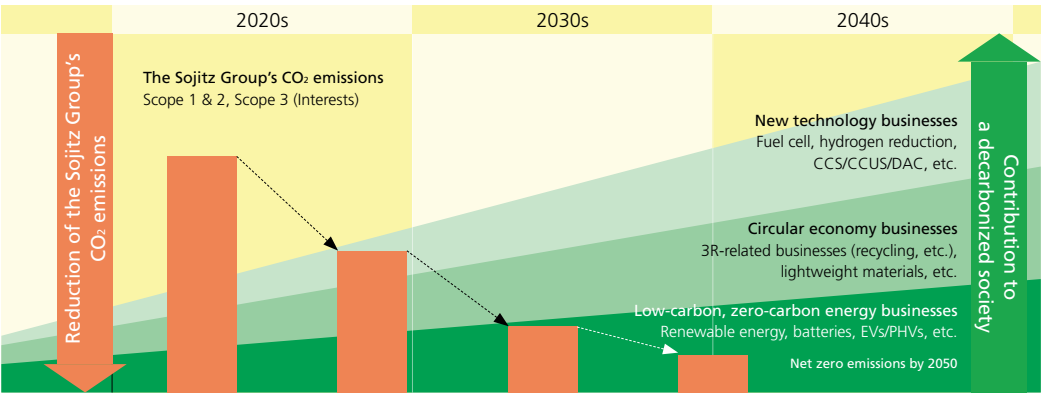


Sustainability Challenge—Decarbonization

Policies and Initiatives for Realizing a Decarbonized Society



The Sojitz Group recognizes that CO₂ emissions constitute a risk, and we are accelerating reduction efforts in order to become a company that is better suited to a decarbonized society. Meanwhile, we view the process of transitioning to this society as an opportunity, based on which we are developing new businesses in a wide range of fields.



Mitigation of Risks

◆ Reduction of Scope 1 and Scope 2 Emissions

Sojitz views reducing its own CO₂ emissions, as represented by Scope 1 and Scope 2, as an obligation toward achieving a decarbonized society. For this reason, we have set the target of reducing total Scope 1 and Scope 2 emissions by 60% of the level from the year ended March 31, 2020, by 2030. As part of accomplishing this target, we aim to achieve net zero Scope 2 emissions. New businesses undertaken thereafter will be oriented toward achieving overall net zero emissions by 2050. In the year ended March 31, 2023, we confirmed the response measures in place together with Group companies that are major sources of emissions and moved forward with a partial introduction of renewable energy.

◆ Measurement and Identification of Scope 3 Emissions

If we are to realize a decarbonized society, it will be important for us to address CO₂ emissions across the supply chain, as represented by Scope 3, in addition to our own emissions. Areas of the supply chain responsible for large quantities of Scope 3 emissions have been designated as risks in light of their potential to become a source of significant pressure for reducing CO₂ emissions in the future.

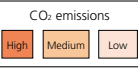
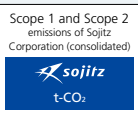
Approach Toward Opportunities

◆ Positioning of Scope 4 Emissions as an Opportunity

Although Scope 3 emissions represent a risk for Sojitz, the potential to create new businesses that contribute to reductions of emissions across the supply chain is viewed as an opportunity. We are approaching this opportunity through initiatives for achieving growth. Going forward, we plan to accelerate such initiatives for reducing CO₂ emissions based on the concept of Scope 4.

Analysis of Scope 3 and Scope 4 Emissions across the Supply Chain

Sojitz performs qualitative analysis of the risks and opportunities it faces based on a matrix that uses industries with generally high CO₂ emissions on the vertical axis and the stages of each supply chain on the horizontal axis. In addition, quantitative assessments are performed with regard to the power generation sector, which has been judged to entail particularly high emissions.



Risks (Scope 3): Areas with representative risks (Scope 3 emissions) are displayed in orange, with darker shades indicating greater CO₂ emissions. These areas are generally believed to face the risks of pressure to reduce CO₂ emissions or threats of replacement.

Opportunities (Scope 4*): The rightmost column displays alternatives that represent new business opportunities for Sojitz, and we will further increase our Scope 4 (avoided) emissions through these businesses moving forward.

		Raw materials	Logistics	Product processing	Product use	End-users	Equity investment	Avoided emissions (Scope 4)
To be quantified	Quantified	Risks						Opportunities
	Power generation	Thermal coal Coal mining Sojitz Approx. 1,310,000 tons Scope 3 CO ₂ emissions	Transport of raw materials and products Approx. 190,000 tons	—	Coal-fired thermal power generation Approx. 19,720,000 tons	Consumers No emissions	Coal interests Approx. 350,000 tons	High-efficiency gas-fired thermal power generation Approx. 2,270,000 tons
		Emissions reduction measures						
	Oil and gas	Oil drilling Approx. 10,000 tons Scope 3 CO ₂ emissions	Transport of raw materials and products Approx. 10,000 tons	—	Coal-fired thermal power generation Approx. 190,000 tons	Consumers No emissions	Gas-fired thermal power generation Approx. 2,280,000 tons	Renewable energy generation Approx. 510,000 tons
		Emissions reduction measures						
	Steelmaking	Coking coal Coal mining Sojitz Approx. 100,000 tons Approx. 200,000 tons Scope 3 CO ₂ emissions	Transport of raw materials and products Approx. 50,000 tons	—	Blast furnace smelting Approx. 6,530,000 tons	Consumers No emissions	Coal interests Approx. 280,000 tons	Carbon capture and storage
		Emissions reduction measures						
	Iron ore	Mining	—	—	Blast furnace smelting	Manufacturers	—	—
		Emissions reduction measures						
	Livestock	Livestock and feed businesses	Transport of raw materials and products Sojitz	Processing of livestock	Cooking Sojitz	Consumers No emissions	Livestock processing businesses	Non-meat alternatives
To be quantified		Emissions reduction measures						
	Chemicals	Material production	Transport of raw materials and products Sojitz	—	Chemical product manufacturing Sojitz	Consumers No emissions	—	Biochemicals
		Emissions reduction measures						
	Papermaking pulp	Production of paper-making wood chips Sojitz	—	Papermaking Sojitz	N/A	Consumers No emissions	—	Paper recycling
		Emissions reduction measures						
	Construction	Construction material production	Transport of raw materials and products	Construction Sojitz	Use of facilities Sojitz	Use of facilities	Use of facilities	Energy conservation, ZEH and ZEB
To be quantified		Emissions reduction measures						
	Transportation	Manufacturing of automobiles, ships, etc.	—	—	Sea travel Sojitz	Drivers	Automobile manufacturers	Vehicles that use electricity, hydrogen Utilization of biomass fuel
		Emissions reduction measures						

Note: The above chart is based on a simplified version of the 15 Scope 3 categories defined by the GHG Protocol. For more details on specific categories, please refer to https://www.sojitz.com/en/csr/sojitz_esg/e/data.php.
* Scope 4 emissions = (Average global thermal power generation efficiency figures for 2021 published by the IEA [745 g/kWh] – Sojitz's power generation intensity) × Power generation volume

Sustainability Challenge—Decarbonization

Strategy

◆ Sojitz's Decarbonization Road Map

In Medium-Term Management Plan 2023, Sojitz defines its focus on the materials and circular economy field and on essential infrastructure businesses, such as renewable energy and businesses related to the transition to a decarbonized society. One of the guides shaping our strategies in these areas is the decarbonization road map detailed below. In this road map, Sojitz has organized the risks and opportunities it is projected to face based on its outlook for social trends and the required technologies for various future periods. This road map is regularly reviewed and amended as necessary.

Technology and Social Trend Outlook				Sojitz's Policies	
2020	2030	2040	2050		
Increase in renewable energy				Response to risks	• Reduction of CO ₂ emissions from businesses (Scope 1 and Scope 2) • Elimination of thermal coal interests by 2030
Growth of circular businesses				Opportunities	• Consolidation and enhancement of resources to advance energy and other environmental businesses • Development and expansion of businesses for recovering resources from urban mines
Need for low-CO ₂ -emissions gas-fired thermal power to support energy supply during transition period				Response to risks	• Selection of assets based on need for transition period
				Opportunities	• Promotion of high-efficiency gas-fired thermal power generation, energy conservation, and clean hydrogen businesses • Supply of LNG, natural gas, and carbon-neutral fuels
Utilization of green hydrogen employing renewable energy				Response to risks	• Elimination of coking coal interests by 2050
Emergence of hydrogen reduction steelmaking using low-cost hydrogen				Opportunities	• Exploration of hydrogen-related businesses
Use of carbon capture and storage; carbon capture, utilization and storage, and direct air capture to address remaining CO ₂				Opportunities	• Monitoring of trends in technological progress and adoption of technologies in public and private sectors — Development of carbon capture and storage, and carbon capture, utilization and storage businesses — Practical application of direct air capture

◆ Scenario Analyses and Financial Impacts

Transition Risks

Based on external investigations and internal analysis, Sojitz conducts scenario analyses of the financial impacts of business areas believed to present the greatest risks and opportunities to the Group's business activities, management strategies, and financial planning. Specifically, transition risk scenario analyses have been conducted with regard to coal and power generation businesses, areas where the Group does business that entails high risks related to CO₂ emissions (see "Analysis of CO₂ Emissions across the Supply Chain") with significant potential to have a serious impact on the Group.

	Risks	Opportunities
Coal businesses	<div>Analysis Method: Using scenarios projecting average global warming of 1.5°C above pre-industrial levels, we analyze the potential financial impact on Sojitz's assets based on forecasts for coal demand and prices leading up to 2050.</div> <div>Financial Impact Certain assets may suffer declines in value as a result of increased production costs should the conditions described by scenarios projecting average global warming of 1.5°C above pre-industrial levels become a reality.</div>	<div>All scenarios analyzed by the Group estimate increases in supply and demand for renewable energy. Moreover, the Sojitz Group views the transition to a decarbonized society as a business opportunity. We are thus working to capitalize on this opportunity through renewable energy and other decarbonization businesses as well as through businesses that support the transition, such as high-efficiency gas-fired thermal power generation and energy service company businesses.</div> <div>Major Successes in FY2022 ◇ Commencement of operation at a biomass power plant in Hokkaido ◇ Start of sales of household electricity storage systems in Japan</div>
Power generation businesses	<div>Analysis Method: Using scenarios projecting average global warming of 1.5°C above pre-industrial levels, we analyze the potential financial impact on Sojitz's assets based on forecasts for carbon prices and supply and demand conditions.</div> <div>Financial Impact The range of power plants that would be impacted by changes in carbon prices and supply and demand conditions would be limited, and the financial impact on the Company would thus also be limited.</div>	

Physical Risks

Sojitz conducts analyses of physical risks with the potential to emerge in the event that climate change cannot be avoided and global warming continues to progress. Initial analyses looked at acute water risks, such as the risks of floods in coastal areas and along rivers. Business sites and assets (manufacturing and processing sites and other non-office sites) in locations assessed as having high or extremely high risks by Aqueduct, a tool for analyzing water risk developed by the World Resources Institute, are deemed to be exposed to water risks. The potential financial impact of water risks has been analyzed using the amount of property, plant and equipment (excluding lease assets) associated with said business sites and assets on March 31, 2023. These analyses found that certain business sites located in areas centered on Southeast Asia were exposed to risk of floods in coastal areas and along rivers, and the amount of assets (property, plant and equipment) judged to be threatened by financial impacts associated with water risks was measured to be approximately ¥31.0 billion.

Metrics and Targets

Sojitz has formulated decarbonization policies that include metrics and targets for assessing and managing the aforementioned climate change-related transition risks and opportunities. Progress and financial impacts associated with these policies are detailed below.

◆ Progress of Sojitz's Decarbonization Policies

	Policies / Targets (Announced in March 2021)	Progress
Existing businesses	<div>Scope 1 and Scope 2</div> Reduce emissions by 60% by 2030; achieve net zero emissions by 2050*1 (Net zero emissions by 2030 for Scope 2*1) Note: Coal-fired power generation: No current projects nor future projects planned	Confirmation of measures and timetables with high-emissions Group companies and commencement of partial renewable energy introduction to accomplish targets by 2030
	<div>Scope 3</div> Natural Resource Interest Reduction Targets Thermal coal interests: Reduce interests to half or less by 2025 Zero interests by 2030*2 Oil interests: Zero interests by 2030 Coking coal interests: Zero interests by 2050	Target of halving thermal coal interests by 2025 accomplished ahead of schedule Qualitative assessment of Groupwide Scope 3 emissions and commencement of quantitative measurements beginning with power generation sector, which has high CO ₂ emissions and a large impact on Sojitz's business The scope of measurements will be expanded to include other sectors in the future.
	Formulation of business-specific decarbonization policies and net zero emissions by 2050	
New businesses	Expansion of relevant businesses and initiatives framing situation as an opportunity Measurement of contributions to reductions in society's CO ₂ emissions (Scope 4) and advancement of related business activities	Commencement of Scope 4 measurements for renewable energy, energy saving services, and other power generation sector businesses
Contributions to a decarbonized society		

*1 FY2019 serves as the base year, with non-consolidated and consolidated subsidiaries included in the scope. Initiatives include certificate and other CO₂ emissions reduction activities. Internal carbon pricing schemes are being considered to facilitate the acceleration of initiatives.
*2 FY2018 serves as the base year, and targets are based on the book value of interest assets.

◆ Reduction of Scope 1 and Scope 2 Emissions

Total Emissions (Including new businesses commenced after FY2020)

	FY2019	FY2020	FY2021	FY2022
Scope 1 (Direct emissions from use of fuels such as city gas)	970,000 t-CO ₂	710,000 t-CO ₂	700,000 t-CO ₂	730,000 t-CO ₂
Scope 2 (Indirect emissions from use of purchased electricity and heat)	150,000 t-CO ₂	210,000 t-CO ₂	220,000 t-CO ₂	210,000 t-CO ₂
Total for Scope 1 and Scope 2	1,120,000 t-CO ₂	910,000 t-CO ₂	920,000 t-CO ₂	940,000 t-CO ₂

Progress Toward Targets* (Existing businesses only)

Measures for cutting emissions are discussed with Group companies with high levels of CO₂ emissions on an ongoing basis to confirm whether sufficient progress is being made in said reductions. Going forward, we will examine potential measures for reducing emissions, such as the transition to renewable energy and high-efficiency equipment.

◆ Financial Impact : Scope 3 Resource Interests

Thermal coal interests have been reduced by 70% in comparison with the base year, meaning the target of halving these interests by 2025 has been accomplished ahead of schedule. Efforts for accomplishing other targets are ongoing.

Bar chart showing Scope 1 and Scope 2 emissions (10,000 t-CO₂) from FY2019 (Base year) to FY2050. Scope 1 emissions (blue) decrease from 97 to 45. Scope 2 emissions (orange) decrease from 15 to 20. Total emissions (grey) decrease from 112 to 65. Targets are indicated by dashed lines.

Bar chart showing thermal coal interests (Billions of yen) from FY2018 to FY2022. Interests decrease from 75.0 in FY2018 to 22.5 in FY2022, achieving a 70% reduction.

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Integrated Report 2023

Integrated Report 2023

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DIRECTION

VALUE CREATION STORY

VALUE CREATION STRATEGY

STRATEGY BY DIVISION

DATA

Sustainability Challenge—Human Rights

Supply Chain Human Rights Initiatives



Sojitz develops businesses around the world and is thus committed to promoting respect for human rights in all of the countries and regions touched by the supply chains of these businesses. In this regard, the Sojitz Group supports the International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We are promoting respect for human rights in accordance with the UN Guiding Principles on Business and Human Rights.

Process Described in UN Guiding Principles on Business and Human Rights



Strategy

◆ Establishment and Sharing of Policies

The Sojitz Group Human Rights Policy and the Sojitz Group CSR Action Guidelines for Supply Chains have been established based on the Ten Principles of the United Nations Global Compact. We share these guidelines with our suppliers and Group companies and ask for their understanding and compliance with all policies.

Ensuring respect for human rights across the supply chain requires the awareness and understanding of frontline employees. Based on this recognition, we request that Group companies submit documentation to confirm that they are effectively promoting understanding regarding human rights and raising awareness among frontline employees. In addition, the Corporate Sustainability Department (the secretariat for the Sustainability Committee) practices communication with the management of Group companies in order to verify the extent to which policies and initiatives have been communicated throughout the company in question, confirm the status of on-site measures, and promote greater levels of awareness and understanding in relation to respect for human rights.



◆ Risk Assessments

The Sojitz Group develops its operations on a global scale, taking part in a wide range of businesses and being involved in areas of various supply chains spanning from the upstream to the downstream. The Business & Human Rights Resource Centre, an NGO based in the United Kingdom, maintains a database with examples of human rights risks. Adopting a risk-based approach, we use this database to identify areas of Sojitz Group businesses in which risks are particularly high and to analyze and confirm areas of the supply chain in which human rights risks are generally most likely to appear.

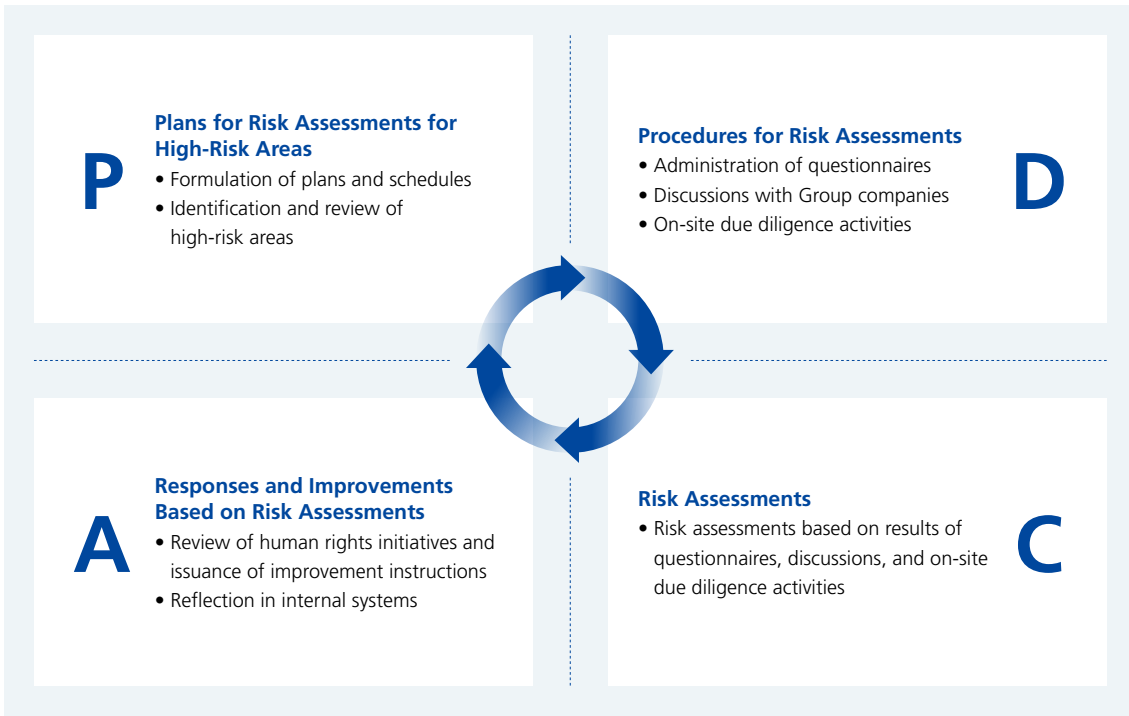
Sojitz's Human Rights Risks across the Supply Chain (Excerpt)

High-Risk Areas for the Sojitz Group	Upstream		General Supply Chain		Downstream	
	Interests and Development	Mining and Raw Material Cultivation	Raw Materials, Product Manufacturing, and Processing	Wholesale	Retail and Services	
Oil and natural gas	Land expropriation	Pollution				
Minerals	Land expropriation, deforestation	Pollution, compulsory labor				
Lumber and papermaking	Land expropriation, deforestation	Occupational health and safety (lumber)	Environmental and water pollution (papermaking)			
Agricultural products	Land expropriation, deforestation	Compulsory labor and child labor				
Textiles		Compulsory labor and child labor	Compulsory labor and child labor			
Marine food products and processing		Occupational health and safety	Occupational health and safety			
Infrastructure construction	Land expropriation		Occupational health and safety			
Telecommunications						Information leakage

Strategy

◆ Risk Assessment PDCA Cycle

Under the supervision of external consultants, we inspect our internal initiatives and confirm new issues to ensure that the actions taken throughout the Sojitz Group to address risks are sufficient. In addition, direct communication is practiced with Group companies to spread awareness of and promote initiatives targeting our wide-ranging supply chains.



◆ On-Site Due Diligence

Sojitz understands the importance of due diligence activities conducted at the sites of individual transactions and businesses when investigating and confirming human rights risks. For example, we have implemented the Sojitz Wood Procurement Policy, which contains provisions regarding legality, environmental consideration, and social consideration as they pertain to the procurement of imported wood products. One way we enact this policy is by directly visiting suppliers to conduct surveys that include meetings with managers, local NGOs, government agencies, and community representatives.

Metrics and Targets

◆ Improvements and Remedy Measures and Disclosure of Results

In accordance with the established policies, risk assessments are conducted and human rights initiatives are advanced across our supply chains and in other areas. Sojitz thereby strives to ensure respect for human rights as described in the International Bill of Human Rights and the UN Guiding Principles on Business and Human Rights.

Risk assessments of high-risk areas performed in the year ended March 31, 2023, found no issues with the measures taken at Sojitz Group companies or across the Group's supply chains. Ongoing improvements through a PDCA (plan-do-check-act) cycle as well as timely and appropriate disclosure will be pursued in relation to these areas while incorporating input from external specialists.

Lumber procurement has been identified as a high-risk business area. Accordingly, we have established the Sojitz Wood Procurement Policy, which contains indicators and targets related to lumber procurement. For more information on these and other initiatives in the year ended March 31, 2023, please refer to Sojitz's corporate website. https://www.sojitz.com/en/csr/sojitz_esg/s/human_rights.php